

**Questions and Answers**  
**Zero-Emission Vehicle and Zero-Emission Vehicle Infrastructure Manufacturing**  
**GFO-18-605**

**January 31, 2019**

These answers are based on the Energy Commission's interpretation of the questions received. It is the applicant's responsibility to determine whether or not their particular proposed project is eligible for funding, by reviewing the Eligibility Requirements within the solicitation. The Energy Commission cannot give advice as to whether or not a particular project is eligible for funding, because all proposal details are not known.

**Applicant Requirements**

**Q1. Can you clarify the page limitation and any restrictions?**

A1. The number of pages for each Application is limited to 25 pages. Application forms, resumes, scope of work, schedule of products and due dates, budget forms, contact list, letters of support/commitment, CEQA worksheet, specified confidential materials, and Localized Health Impacts Information forms do not count towards this page limitation. Please refer to Section III.C. Page Limitations.

**Q2. Are sole proprietorship's eligible?**

A2. Yes. Please refer to Section II.A.3. California Secretary of State Registration.

**Q3. Is a non-profit entity eligible as an Applicant or a subcontractor?**

A3. Non-profit entities are only eligible as subcontractors.

**Q4. Is a minority-owned company eligible?**

A4. Yes, provided the company is a private, for-profit business and meets the requirements of the solicitation. Please refer to Section II.A. Applicant Requirements.

**Q5. Is a vehicle dealer eligible?**

A5. No.

**Q6. Do women-owned businesses receive a higher score?**

A6. No.

**Q7. What does “Business Presence in California” mean?**

A7. For the purpose of this solicitation, business presence means the applicant's manufacturing business is located in California, is registered in California, and is in good standing with the California Secretary of State. Please refer to Section II.A. Applicant Requirements.

**Eligible Project Costs**

**Q8. We have not yet purchased a manufacturing facility that will require tooling, equipment, and engineering for the manufacturing line. Would these costs be eligible before we have an agreement?**

A8. Reimbursable expenses must be incurred in the approved term of the agreement (i.e., after the agreement has been executed by both parties). Match share expenses can be incurred after a project is recommended for funding in a published Notice of Proposed Awards (NOPA).

**Q9. Are the costs to procure, manufacture, assemble, and certify specialized tooling and test equipment at installed and commercially-available hydrogen refueling stations eligible?**

A9. No. Page 12 of the solicitation manual, Section II.D. Ineligible Projects will be revised to read "Construction, installation, **commissioning, and/or testing** of ZEV infrastructure." Please see Addendum #1 for changes.

**Q10. Will the Energy Commission cover the purchase or lease of real estate or a manufacturing facility?**

A10. No.

**Q11. Does the applicant have to provide photographic evidence of their manufacturing facility and layout when they submit an application?**

A11. Yes. Section III.D.11. Manufacturing Facility Layout will be revised to read "Applicant must provide a layout, **drawing, or schematic plan** of their manufacturing facility. The layout, **drawing, or schematic plan** should include the **work stations and** work flow processes from materials receiving/intake to product shipping, **and** administrative and technical staff, ~~and each workstation.~~

Applicant must provide photographic evidence of their manufacturing facility and layout. **If the applicant has not secured a manufacturing facility, they must provide layout, drawing, or schematic plan with this detail with their application.** Please see Addendum #1 for changes.

**Q12. Is this funding only for manufacturing a new product or can it be used for upgrading the manufacture of an existing product?**

A12. Eligible project costs for a manufacturing line can be for existing or new products.

**Q13. What is a supply chain?**

A13. Supply chain refers to the network between the Applicant and its suppliers that manufactures a product for commercial sale.

**Q14. Do supply chain parts have to be from California?**

A14. Supply chain parts are not required to be from California.

**Q15. Is repowering or remanufacturing of Category A products eligible?**

A15. Yes, if the repowered or remanufactured Category A product is for commercial sale.

**Q16. Are costs to manufacture production molds for ZEV bodies eligible?**

A16. No. However, the costs to establish a manufacturing facility in California to produce production molds for ZEV bodies would be eligible.

**Q17. What does "performance testing" mean?**

A17. Performance testing refers to the testing of the performance of the manufacturing line and manufacturing line equipment.

**Q18. Are the costs related to vehicle or vehicle component certification (i.e. homologation) in the European Union eligible?**

A18. No.

**Q19. Is International Organization for Standardization (ISO) certification of the manufacturing operation required? Are certification costs for manufacturing equipment eligible?**

A19. ISO certification is not required as a condition of the grant.

Certification costs for manufacturing equipment and manufacturing line processes are eligible project costs under "Performance testing, material assessments and other technical tests to verify/certify manufacturing equipment operation, equipment integrity, and compliance with manufacturing protocols/processes."

**Q20. How do you define "zero-emission vehicle"?**

A20. Zero-emission vehicle refers to a vehicle that produces zero exhaust emissions of criteria pollutants or greenhouse gases.

**Q21. Does it matter if an "up-fitter" is out of state, but has components that are supplied in California?**

A21. No. The purpose of this solicitation is to fund in-state manufacturing of ZEVs, ZEV components, and ZEV infrastructure.

**Q22. Regarding performance testing, can a software company that wants to do performance testing on hardware providers to ensure compatibility with their software qualify as an eligible cost?**

A22. Yes, this is an eligible cost under "Performance testing, material assessments and other technical tests to verify/certify manufacturing equipment operation, equipment integrity, and compliance with manufacturing protocols/processes."

**Q23. There seems to be a bright line between "prototype" and "production" in terms of software and non-recurring engineering (NRE) costs. Can you clarify eligibility of testing and validation of software with respect to these two areas?**

A23. All activities and costs, including NRE, associated with software prototype development are ineligible.

Activities and costs for NRE associated with software as a component of Category A or B products, as well as, software used to validate, certify, and test the manufacturing line and manufacturing equipment are eligible.

**Q24. What types of equipment could be considered eligible for acquisition in manufacturing for electric vehicle supply equipment (EVSE)?**

A24. Selection of manufacturing tools and equipment for EVSE software, firmware, and hardware manufacturing is at the discretion of the applicant.

**Q25. Are manufacturing pilot projects or bench-scale tests to refine or improve an existing manufacturing process or manufacturing line eligible?**

A25. Yes, as long as these tests lead to new or increased in-state manufacturing of ZEVs, ZEV components, and/or ZEV infrastructure.

**Q26. Is the manufacturing of pre-production vehicles or components (Category A) to test the manufacturing line eligible?**

A26. Yes, as long as these tests lead to direct new or increased in-state manufacturing of ZEVs, ZEV components, and/or ZEV infrastructure.

**Q27. Is outsourcing to third-party manufacturers eligible?**

A27. Yes. Third-party manufacturers located in California are eligible.

Note that under the terms and conditions of an executed agreement, award recipients will be required to submit invoices along with proper backup documentation. All invoice and backup documentation will be publicly available records, including information such as the identity of a subcontractor or supplier and the prices of eligible expenses. See Exhibit C.

**Q28. What is meant by "Manufacturing of end products are ineligible project costs"?**

A28. Eligible project costs are related to establishing or increasing in-state manufacturing capacity of ZEVs, ZEV components, and/or ZEV infrastructure. Costs associated with the actual manufacturing of these final end products (e.g. operation costs, new materials acquisition, etc.) are not eligible.

**Q29. Would later stages of manufacturing verification and testing of eligible ZEVs (Category A) and ZEV infrastructure (Category B) from outside of California and then brought to our California facility be eligible?**

A29. Manufacturing verification and testing in California would be eligible as either reimbursable or match share.

**Q30. Are costs related to a new hydrogen refueling station equipment (HRSE) facility for staging, storage, operations, repair/warranty, and customer service be eligible?**

A30. No.

**Q31. What does "final product" and "integral component" mean in Category A?**

A31. Section II.B. Project Requirements will be revised to read "**ZEV Components** – Manufacture components of a ZEV. ~~components where the manufactured or final product is an integral component of a complete ZEV.~~ ZEV components includes, but is not limited to, power trains, battery packs, control and management systems, and on-board chargers." Please see Addendum #1 for changes.

**Q32. Can financial statements submitted as part of the application be audited, unaudited, or certified?**

A32. Financial statements will be evaluated as part of the Business Operations scoring criterion. With everything else being equal, financial statements audited and certified by a Certified Public Accountant will score higher. Please see Addendum #1 for changes.

**Q33. Can we operate the manufacturing line and equipment during or after the grant?**

A33. Yes.

### **Funding**

**Q34. Please explain the "Maximum Award Amounts."**

A34. Section I.H. Maximum Award Amounts states that "Projects are eligible for up to 50 percent of the total project costs or \$2,000,000, whichever is less." As an example, if a total project cost is \$5,000,000, the Energy Commission share may be up to \$2,000,000 with a match share of \$3,000,000.

**Q35. How many awards will be made in each category?**

A35. The number of awards to be made in each category is unknown and depends on the number of applications receiving a passing score. Further, Section I.G. Availability of Funds states "If an insufficient number of passing applications are received in one of the Eligible Project categories noted, the Energy Commission may, at its sole discretion, transfer unused funding from one category to another category."

### **Ineligible Project Costs**

**Q36. Are logistics costs, such as transportation and shipping, eligible within the term operations cost?**

A36. Eligible costs are limited to establishing or expanding in-state manufacturing of ZEVs, ZEV components, and ZEV infrastructure.

**Q37. What is meant by "Operations and maintenance of established manufacturing facility" are ineligible project costs?**

A37. Operations and maintenance refers to the performance of routine, preventive, and scheduled/unscheduled action and activities required to maintain and operate manufacturing facility/equipment.

Eligible costs are limited to establishing or expanding in-state manufacturing of ZEVs, ZEV components, and ZEV infrastructure.

Operations and maintenance costs of the manufacturing facility/equipment are not eligible.

**Q38. Parts costs will increase due to current tariffs. Can additional funding be requested if this impacts the project after funding has been awarded?**

A38. No. The Energy Commission award amount cannot be increased even if project costs increase during the course of the project. Increased costs will need to be covered by additional match share funding.

**Q39. Would this grant cover expansion of an existing program called “California SmartMatch” that assists original equipment manufacturers (OEMs) find local small businesses?**

A39. No. This cost is ineligible under Section II.D Ineligible Project Costs, "Marketing and outreach activities or public outreach/education."

**Q40. Would the product development of electronic hardware to standardize the transmission of retail hydrogen fueling station status to a centralized data clearinghouse be an eligible project?**

A40. No, technology and product development are ineligible.

### **Match Funding**

**Q41. If we have to install our manufacturing line before March 2019, can some of those costs count toward our 10% cash match requirements?**

A41. Match expenditures are allowable if they are incurred after the NOPA has been posted. Section II.E. Match Funding describes allowable match share expenditures and the release of the Notice of Proposed Award. It states "Please note that non-match expenditures incurred prior to agreement execution are not reimbursable from Energy Commission funds."

Match expenditures incurred prior to the approval and execution of an agreement are made at the applicant's own risk. The Energy Commission is not liable for Applicant's match share costs if the grant is not approved, if approval is delayed, or if the match share expenditure is not allowable under the terms and conditions of the grant or this solicitation.

The Budget scoring criterion will evaluate, in part, the degree to which state funds are necessary for the proposed project.

**Q42. Can salaries, fringe benefits, and overhead costs that are paid count toward the 10% cash match requirement?**

A42. Yes. Incurred costs, both reimbursable and match share, must be fully documented and allocable to the proposed project. All grants are subject to audit.

**Q43. What is meant by "match share" and "in-kind match share"?**

A43. Section II.E. Match Funding defines "Match funding" or "match share" to mean "cash or in-kind (non-cash) contributions provided by the Applicant/Recipient, subcontractors, or other parties that will be used in performance of the proposed project.

The balance of the total match share requirement beyond the cash match share requirement (if any) may be met through in-kind match share contributions.

In-kind match share contributions are: 1) non-cash contributions provided by the applicant; 2) cash or non-cash contributions provided by a subcontractor; and 3) cash or non-cash contributions provided by other third parties. Applicant in-kind match share can be in the form of volunteer labor, real property, existing equipment, existing supplies, services provided by a third-party or subcontract, and other expendable property. The value of in-kind match is based on the fair market value of the goods and services provided at the time it is claimed as match. In-kind match share must be included in the approved agreement budget and supported with appropriate documentation. Cost allocations must be reasonable and allocable to the proposed project.

**Q44. Does the 50% match share requirement apply to all applicants?**

A44. Yes.

**Q45. Can you explain when match share expenditures are eligible prior to an award?**

A45. Section II.E. Match Funding states "Match share expenditures are allowable under an agreement only if they are incurred after the Energy Commission notifies the applicant that its project has been proposed for an award through the release of a Notice of Proposed Awards (NOPA). Match expenditures incurred prior to the approval and execution of an agreement are made at the applicant's own risk. The Energy Commission is not liable for Applicant's match share costs if the grant is not approved, if approval is delayed, or if the match share expenditure is not allowable under the terms and conditions of the grant or this solicitation. Please note that non-match expenditures incurred prior to agreement execution are not reimbursable from Energy Commission funds."



**Q46. Will an application that has a higher match receive a higher score?**

A46. No.

**Project Requirements**

**Q47. We are in the process of commercializing a technology that will help reduce electrical system upgrade costs when installing large EVSEs. Is this eligible under Category B?**

A47. No. Pre-commercial technology development is ineligible.

**Q48. What is the definition of EVSE components?**

A48. EVSE components refers to the software, firmware, and/or hardware components of an EVSE.

**Q49. What is meant by “projects must be located in California”?**

A49. Proposed projects in response to this solicitation must be located and implemented in this state. The intent of this requirement is provide a nexus between the state that provides source funding and the benefits that accrue to the state including supply chain development, job creation, increased economic development, and attainment of state ZEV objectives.

**Q50. For Category A products, can a manufacturing line be established to manufacture a non-street legal vehicle?**

A50. No.

**Q51. For Category B, is an integrated structure, including photovoltaic (PV), energy storage systems, and EV charger eligible? How about energy storage systems with Level 3 direct current (DC) chargers?**

A51. These systems are eligible.

**Scoring**

**Q52. Under "Manufacturing Operations," if the outcome is a software implementation, how does that get scored?**

A52. All applications will be scored in accordance with the scoring criteria.

**Q53. Application evaluation and scoring is partly based on business and manufacturing operations. However, I am not sure from which attachment**

**you plan to extract this information. Can you please point to which area you plan to extract this information?**

A53. Evaluation and scoring is based on all of the information submitted in an application. Applicants must respond to each of the Evaluation Criteria within the Project Narrative of their application.

**Q54. Does location in disadvantaged communities (DAC) hold weight in the scoring?**

A54. Information provided by an applicant on DACs will be evaluated and scored under the Benefits evaluation criterion.

**Q55. The solicitation manual requires applicants to “Describe how the proposed project results in a higher ratio of CO2-equivalent reduced (in tons) per dollar of Energy Commission investment for the proposed project term”. What should the ratio of reduced CO2-equivalent per dollar of investment be compared to in order to demonstrate that the ratio is “higher”?**

A55. Section III.D.4.f. will be revised to read “Describe how proposed project results in a higher ratio of CO2-equivalent reduced (in tons) per dollar of Energy Commission investment for the proposed project term.” Please see Addendum #1 for changes.

**Q56. Will the quantification of reduced criteria pollutants for a proposed project be considered in addition to CO2 reductions under Benefits?**

A56. No.

### **Workforce Training and Development**

**Q57. Is manufacturing workforce training and development, including retraining of employees to manufacture EVSE, an eligible cost? Can you clarify the 10% cap?**

A57. Yes, retraining of employees is eligible. Projects may propose workforce development and development activities up to 10% of the Energy Commission cost share. For example, if the Energy Commission share of the total project cost is \$2,000,000, applying the 10% workforce training and development cap to this amount would allow \$200,000 for workforce training and development.

**Q58. Is workforce training and development funding to train school district personnel on the operation and maintenance of electric school buses eligible?**

A58. No.

## **Other**

### **Q59. Please confirm that the requirement for Prevailing Wage applies to construction workers only and not to manufacturing personnel.**

A59. Section III.D.7. Budget Forms states "IMPORTANT - Payment of Prevailing Wage: Applicants must read and pay particular attention to the Terms and Conditions (Attachment 9) and the section related to Public Works and Payment of Prevailing Wages. Prevailing wage rates can be significantly higher than non-prevailing wage rates. Failure to pay legally-required prevailing wage rates can result in substantial damages and financial penalties, termination of the agreement, disruption of projects, and other complications."

Applicants are encouraged to contact the California Department of Industrial Relations to determine if and how prevailing wages are required.

### **Q60. Can an awardee renegotiate budget line items after the NOPA is released?**

A60. Yes, if you are proposed for an award. However, the scope of the proposed project must remain the same.

### **Q61. In Attachment 07 (CEQA Worksheet), what is meant by “Discretionary” permits? As an example, building permits are required and not discretionary. However, a project that requires a variance or change in zoning is discretionary.**

A61. Section 15357 of the California Code of Regulations (CCR) defines that a "Discretionary project means a project which requires the exercise of judgment or deliberation when the public agency or body decides to approve or disapprove a particular activity, as distinguished from situations where the public agency or body merely has to determine whether there has been conformity with applicable statutes, ordinances, or regulations."

A building permit is considered ministerial or nondiscretionary. When an applicant submits its building permit materials, the local agency must determine that everything is complete and complies with existing laws. The local agency does not have the option of denying a building permit for a project that meets all the requirements. This type of permit is exempt from CEQA review because the local agency is not taking a discretionary action and CEQA only applies to discretionary actions.

The Energy Commission needs to know if a project needs a discretionary permit or license from the local permitting agency. Because every county and city has different laws, it is not possible to list all the different kinds of permits or licenses that might apply. If a local agency must approve a discretionary permit, then it must first determine if a project is exempt from CEQA or conduct further

environmental review. A local agency is generally the lead agency under CEQA, so it would need to complete its environmental review of a project before the Energy Commission takes its discretionary action (e.g. approval of a grant agreement at a business meeting). The Energy Commission would need to review and may make findings based on the local agency's environmental document when it approves the grant agreement.

**Q62. Is grant money taxed?**

A62. Applicants should consult with a tax professional.